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Search for Oil Targets Rockies

Administration Takes Steps to Loosen Drilling Curbs

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With the Senate poised today to kill President Bush's hopes of drilling for oil in north Alaska, the administration is taking steps to expand oil and gas exploration throughout the Rocky Mountains, a region that could prove just as rich -- and just as controversial -- as the Arctic National Wildlife Refuge.

The administration is mulling over dozens of proposals to drill on public lands in Wyoming, Montana, Colorado, Utah and New Mexico, and has stepped up permit approvals in some areas, according to environmental groups. Those groups say they're worried about the possible impact on wildlife, watersheds and historic landmarks.

At issue is whether the government should ease some of the regulatory hurdles facing companies that want to explore for oil and gas in the Rockies. A White House task force established last May to speed decisions on drilling permits has garnered thousands of pages of comments from industry officials, most of them complaining that red tape and rigid legal interpretations are strangling domestic energy production.

In establishing the task force, Bush said he hoped "to expedite the increased supply and availability of energy to our nation." Bush, like Vice President Cheney, was an executive with an oil company.

"We're hoping," said Diemer True, a Wyoming wildcatter who chairs the Independent Petroleum Association of America, "that the seemingly endless reviews come to a conclusion."

The White House's Task Force on Energy Project Streamlining has not yet made recommendations. Mindful of criticism that the administration is unduly close to the oil and gas sector, it is weighing comments from environmental groups as well as industry, officials said.

"The goal is to look for opportunities to expedite the process, not change the outcome of permit reviews that are underway," said one administration aide.

The task force, headed by James L. Connaughton, chairman of the Council on Environmental Quality, also seeks to lower barriers to offshore drilling, pipeline construction, electricity transmission and the production of renewable energy. It is studying 55 projects in all.

Environmental advocates say they fear the process is the first step to accelerated drilling in highly sensitive public lands that largely have been closed to exploration.

Federal approval of leases, drilling permits and seismic studies have increased in a number of locations, said Johanna Wald, director of land programs for the Natural Resources Defense Council. She said a Bureau of Land Management field office in Utah last year approved new wells at three times the annual pace of the 1990s. "They're fast-tracking seismic exploration activity," she said.

"We feel energy development is already moving pretty quickly in the West and probably doesn't need to

be streamlined," said Kevin Williams, an official with the Western Organization of Resource Councils, representing ranchers, farmers and community organizations.

Those concerns intensified last month when Agriculture Secretary Ann M. Veneman declined to rule out oil and gas exploration in Montana's Rocky Mountain Front, a 100-mile stretch of Alpine glacier-sculpted peaks and grassy valleys sheltering bald eagles, grizzly bear, elk and peregrine falcon.

"When you look at the new technologies that we have today, in terms of extraction of resources, we can't preclude any options," Veneman said during a Montana visit.

In 1997, the supervisor of the Lewis and Clark National Forest, which encompasses much of the Front, declared a moratorium on new oil and gas leases. Industry lobbyists have since urged Congress and the Agriculture Department, which controls the U.S. Forest Service, to ease the restrictions.

Clarifying Veneman's comments, a spokesman said she had intended merely to refer in general to opportunities posed by improved drilling methods. He said there are no plans to pursue energy exploration in USDA-controlled lands in the Front.

Nonetheless, there is strong pressure from industry and some lawmakers to keep the issue open. "Everything ought to be under consideration," said Rep. Dennis Rehberg (R-Mont.). "Shouldn't we at least have an opportunity to do an inventory?"

Oil and gas officials have told the task force about a myriad of obstacles to drilling. They include the protections for sage grouse and Aplomado falcons, the Navajo Tribe's permit review process, which has been described as "cumbersome," and the allegedly slow work of a Bureau of Land Management (BLM) permit reviewer said by industry officials to be suffering "mental stress."

Some petroleum industry officials say the administration's desire to expand domestic energy production already appears to be bearing fruit. For example, when Texaco recently sought a drilling permit near a historic trail in Lincoln County, Wyo., it met a five-month delay, which disappeared after the Wyoming Petroleum Association forwarded a complaint to the task force, said Dru Bower, vice president of the association. Similarly, she said, a BLM directive that could have barred drilling in thousands of additional acres near national historic trails in Wyoming was withdrawn after the task force was notified.

Interior Department spokesman Eric Ruff said he was unaware of the Texaco matter, but he confirmed that the Bureau of Land Management in Washington had intervened to have the trails directive withdrawn because "the BLM state director [in Wyoming] didn't follow the right procedure. . . . There was no public input."

The U.S. Geological Survey estimates that there are 137 trillion cubic feet of natural gas and several billion barrels of oil underlying federal lands in the Rocky Mountain states. Proposals for drilling have drawn objections from some ranchers, environmentalists and sportsmen. In the Powder River area of Montana and Wyoming, for example, there are concerns about ambitious plans to extract methane gas from shallow coal beds. Marathon Oil Co., Williams Cos. and Phillips Petroleum Co. are all active in the area.

The industry has proposed drilling as many as 26,000 methane wells in Montana and 39,000 in Wyoming over the next decade. But a major concern is how to dispose of the water brought up in the drilling process. In a letter to the White House task force in October, the Isaak Walton League of America warned that contaminated wetlands formed by the wastewater could poison waterfowl and

wildlife.

Administration officials said environmental considerations are being carefully considered.

Few areas evoke stronger passions than the Lewis and Clark National Forest's Rocky Mountain Front. In 1997, forest supervisor Gloria Flora decided to make 356,000 acres of undeveloped land off-limits to new oil and gas drilling for 10 to 15 years.

The Front includes land that once belonged to the Blackfeet Nation, whose members still hunt elk, fish for trout and harvest timber in the area. They believe that, by government treaty, they have the first right to any development of that tract. About 30 stakeholders hold leases, said Flora, now an environmental consultant.

As the battle for the Rockies intensifies, all sides have ratcheted up their lobbying efforts and have called in political chits. Across much of the West, independent wildcatters such as True, a partner in True Oil Cos. of Casper, Wyo., enjoy considerable grass-roots political support. Over the past several election cycles, True and relatives in Wyoming have contributed about \$125,000 to state and national Republican Party organizations and candidates. Diemer True also served on Bush's Energy Department transition team.

The Independent Petroleum Association contributed \$5,000 to Rehberg's 2000 congressional campaign. According to congressional sources, it pushed provisions in last year's House-passed energy bill directing the administration to curtail "unwarranted denials and stays" of federal leases.

The bill requires any lease denial based on a previous decision by federal land managers to include a "careful assessment of whether the reasons underlying the previous decision are still persuasive." Jim Angell, a lawyer with the environmental group Earth Justice, said that provision would allow the administration to rescind Flora's decision.

But White House deputy press secretary Scott McClellan said the administration will make no moves without consulting local interests.

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